

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker prices have moved in mixed directions in Americas, and Los Angeles' LSMGO price has flipped back to a premium over Houston.

Changes on the day to 08.00 CDT (13.00 GMT) today:

- **VLSFO prices up in Los Angeles (\$65/mt), Zona Comun (\$23/mt) and Balboa (\$2/mt), and down in Houston (\$6/mt)**
- **LSMGO prices up in Los Angeles (\$92/mt) and Balboa (\$26/mt), and down in Houston (\$17/mt)**
- **HSFO prices up in Balboa (\$1/mt), and down in Houston (\$15/mt)**

Los Angeles' LSMGO price has bounced back after it previously hit its lowest level since December 2021. A 0-50 mt stem with non-prompt delivery has been fixed at a higher price than the port's benchmark yesterday.

Houston's LSMGO price, meanwhile, has dropped to erase the rare premiums over Los Angeles that have been observed in recent days. Houston's LSMGO is currently priced at a \$57/mt discount to Houston's.

Similarly, Los Angeles' VLSFO price has also gained heavily. The grade has been offered firm at a higher level than were the port's benchmark stood at yesterday. This has more than tripled Los Angeles' VLSFO premium over Houston from \$32/mt yesterday, to \$103/mt now.

Los Angeles has been grappling with sluggish demand for more than a month now.

Bunkering has been running smoothly in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions. However, wind speeds are set to pick up again tomorrow to potentially trigger another suspension or delays.

Bunker demand has improved slightly in Panama's Balboa. But securing stems for prompt dates can be difficult. One supplier is able to deliver HSFO and LSMGO in the port with a lead time of nine days.

## **Brent**

Front-month ICE Brent has dropped by a marginal \$0.13/bbl on the day, to trade at \$84.18/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Global concerns over interest rate hikes and a potential global recession are exaggerated, Skylar Capital managing partner Bill Perkins told CNBC last week.

“I think there’s a lot of concern by global macro about a [global] recession happening, interest rates rising, but in a normal economic tightening cycle crude oil demand stays flat or grows. It doesn’t collapse,” he said.

Perkins said that Covid-led pandemic or housing crises were "extraordinary anomalous events" and cannot be compared with the current economic landscape. According to him, Brent could increase to \$120/bbl before it becomes “self-regulating”, and the overall market outlook is "bullish" for Brent.

The next few months will be the "most bullish time" for oil demand as the summer driving season starts and refinery maintenance ends in the US, Kpler's Matt Smith told CNBC.

### **Downward pressure:**

The fragile economic states of the US and several European countries, and uncertainty about potential recessions have kept a lid on Brent price gains. The slow pace of China's demand recovery has added to the downward pressure on Brent futures.

“Crude prices are drifting lower as most energy traders are still on the sidelines until we get a clearer picture on the global growth outlook. There have been a lot of headlines but nothing is moving oil today as prices appear content hovering above the \$80 [\$80/bbl] given all the supply challenges,” says OANDA senior market analyst Ed Moya.

A number of major refineries in Asia will undergo maintenance from May. Sinopec will take its Luoyang and Qingdao Refining Corp refineries offline and its Qingdao Petrochemical refinery partly offline, which means a total of 510,000 b/d of crude distillation unit (CDU) capacity is estimated to be taken offline. In Japan, Idemitsu Kosan will shut down 190,000 b/d of the CDU capacity from its Chiba IK refinery, while Fuji Oil will halt 143,000 b/d capacity from its Sodegaura refinery. Wood Mackenzie's data shows that several refineries will be closed for more than 60 days.

Refinitiv Oil Research estimates that Asian countries imported around 27.60 million b/d in March. That would be a 6.1% drop from the 29.4 million b/d imported in February, and also down from the 29.13 million b/d imported in January, Reuters reports.

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